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## Defense Acquisition Workforce: Issues for Congress

Updated March 11, 1999

Valerie Bailey Grasso  
Analyst in National Defense  
Foreign Affairs, Defense, and Trade Division

Report Documentation Page				Form Approved OMB No. 0704-0188	
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1. REPORT DATE <b>11 MAR 1999</b>		2. REPORT TYPE <b>N/A</b>		3. DATES COVERED <b>-</b>	
4. TITLE AND SUBTITLE <b>Defense Acquisition Workforce: Issues for Congress</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>Defense Acquisition University Fort Belvoir, VA</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release, distribution unlimited</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT <b>UU</b>	18. NUMBER OF PAGES <b>25</b>	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			

## **ABSTRACT**

This report discusses recent congressionally mandated reductions in the Department of Defense (DOD) acquisition workforce. It reviews DOD's varied efforts to define who belongs to this workforce, and examines potential issues for Congress in identifying and downsizing the workforce. It includes defense acquisition workforce definitions and estimates by the Congress, General Accounting Office (GAO), and various defense management reports. Consequent issues for Congress are identified. Congressional action concerning the defense acquisition workforce was taken in the Fiscal Year (FY) 1999 defense authorization and appropriation bills. This report will be updated periodically, as required.

# Defense Acquisition Workforce: Issues for Congress

## Summary

In each of the past four fiscal years (FY1996-FY1999), Congress has directed the Administration to reduce the size of the Department of Defense (DOD) acquisition workforce — defined as the employees who participate in the development and procurement of weapons, equipment, and provisions for the military services. These mandates reflect a view in Congress that the workforce has not been downsized in proportion to the decline in of the overall defense budget in general, nor of the acquisition portion of the defense budget, in particular.

As Congress and the Administration have debated the future of the defense acquisition workforce, participants have encountered basic questions: What, precisely, is the DOD acquisition workforce? How many people are in it, and what, exactly, are their functions? At present, there is no commonly accepted definition of the DOD acquisition workforce. Previous attempts, within the decade, to define the workforce have produced estimates ranging from 25,000 to 582,000 personnel.

In early 1997, DOD hired the Jefferson Solutions Group, a private consulting firm, to define the size and composition of the acquisition workforce. Jefferson Solutions issued its report in September 1997. It estimated that the overall workforce included about 189,000 people, and that the largest acquisition workforce group consists of scientists and engineers (about 43 percent), followed by computer systems analysts and logistical and program managers (about 16 percent), and contractors, purchasers, or procurement support personnel (about 15 percent). Notably, the study did not address the issue or provide statistics on the extent to which DOD relied on private-sector contractors to perform acquisition-related functions.

In response to Section 912(b) of the FY1998 Defense Authorization Act, Deputy Secretary of Defense (for Acquisition and Technology) Jacques S. Gansler issued a memorandum to defense agencies on November 20, 1998, having determined that DOD would use a modified version of the definition used by the Packard Commission Report. Each agency is required to conduct a functional workforce analysis, revise its personnel count, and report findings by December 30, 1998.

Currently, two major questions confront Congress in regard to the acquisition workforce. First, should the new definition constructed by the Jefferson Solutions Group be adopted formally? If so, it will result in a significant reduction in DOD's official count of acquisition personnel. Second, to what extent will savings achieved through reductions be offset by additional, unanticipated costs? Such costs may include: (1) hiring contractors to perform acquisition-related functions previously performed by government employees; (2) separation costs, such as early buyouts, retirements, and severance pay; and, (3) overtime costs due to both personnel shortages and inexperienced personnel.

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# Defense Acquisition Workforce: Issues for Congress

## Introduction

In each of the past four fiscal years, Congress has directed the Administration to reduce the size of the Department of Defense (DOD) acquisition workforce — the DOD employees who participate in the development and procurement of weapons and equipment for the military services.

- In the FY1996 defense authorization act, Congress directed the Administration to reduce the workforce by 15,000 people by October 1, 1996, and by a total of 25 percent (compared to the 1995 figure) over a period of five years. The act also required the Secretary of Defense to report to Congress on ways to restructure functions among DOD's acquisition departments and agencies.
- In the FY1997 defense authorization act, Congress directed the Administration to reduce the workforce by an additional 15,000 people by October 1, 1997, and stipulated that this reduction was to be in the form of actual acquisition personnel, not just acquisition positions.
- In the FY1998 defense authorization act, Congress directed the Administration to reduce the workforce by an additional 25,000 people by September 30, 1998, but permitted the Secretary of Defense to waive a portion of this reduction if he certifies to Congress by June 1, 1998 that such reductions would adversely impact military readiness and acquisition efficiency. The act also required DOD to submit a report to Congress by April 1, 1998 that provides a plan for future acquisition policy, including future opportunities to restructure and streamline DOD's acquisition organizations, workforce and infrastructure.
- In the FY1999 defense authorization act, Congress directed the Administration to reduce the workforce by 25,000 acquisition personnel by October 1, 1999, lowering it to 12,500 personnel if the Secretary of Defense certifies that such a reduction would cause an adverse effect on military readiness or management of the acquisition system.

These mandates to reduce the size of the DOD acquisition workforce reflected Congress' view that the workforce has not been downsized enough — that reductions continue to lag in proportion to the decline in the size of the overall defense budget, in general, and the acquisition portion of the defense budget, in particular. As a result, according to this view, DOD has spent more than is necessary to administer its

acquisition programs. Reducing the workforce has been viewed as a necessary requirement for eliminating wasteful spending, and providing DOD with increased funding for other priorities.

Congressional interest in reducing the size and associated costs of the DOD acquisition workforce has been energized by certain outside reports. The May 1995 report of the DOD Commission on Roles and Missions, for example, noted that while private-sector defense contractors had undertaken large-scale reorganizations adjusting to a reduced level of defense spending, little corresponding reduction had been made in the number of DOD acquisition organizations or personnel.<sup>1</sup>

Congress and DOD are presently at odds over the need for further reductions in the defense acquisition workforce. DOD now believes that it has exceeded its congressional mandates to reduce the acquisition workforce, and that further acquisition personnel reductions will have an adverse impact. This concern was expressed in a 1997 report to Congress, required by the FY1996 defense authorization act. DOD stated that, in FY1996, it had reduced the acquisition workforce by 23,802 personnel (military/civilian, excluding certain depot trade skill personnel) employed by or assigned to its acquisition organizations — 8,802 more than mandated by Congress for that year. DOD stated that without the depot skill-trades exemption, it reduced personnel in acquisition organizations by 30,377 in FY1996. In its report, DOD estimated a two-year reduction by the end of FY1997, of over 56,000 people -- a 13.2 percent reduction.<sup>2</sup>

DOD's current position is that mandated acquisition personnel reductions have undercut its effort to manage the acquisition workforce, and have adversely impacted military readiness. In appeals to the FY 1999 defense authorization bill<sup>3</sup>, DOD asked Congress to reconsider House Section 901 which requires that, by October 1, 2001, DOD would phase-in reductions of an additional 70,000 defense acquisition personnel. DOD believed that Section 901 excluded about 80,000 civilian personnel performing acquisition functions at depot maintenance depots. In its appeal, DOD strongly opposed these reductions, having stated that "personnel cuts enacted outside the manpower planning, programming and budgeting system are inconsistent with

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<sup>1</sup>U.S. Department of Defense. *Directions for Defense: Report of the Commission on Roles and Missions of the Armed Forces, in accordance with Section 954(b) of the National Defense Authorization Act for Fiscal Year 1994*. Washington, 1995, pp. 3-16, 3-17.

<sup>2</sup>U.S. Department of Defense. Office of the Undersecretary of Defense (Acquisition & Technology). *Right Sizing the Department of Defense Acquisition Workforce: A Report to the United States Congress*. Washington, 1997. (January 28, 1997,) p. 2. This report was required by Section 906 of the FY1996 Defense Authorization Act. Additional information was contributed by Dr. James McMichael, Director of Acquisition, Education, Training, and Career Development, Office of the Undersecretary of Defense (Acquisition & Technology).

<sup>3</sup>Department of Defense Appeals to the FY 1999 Defense Authorization Bill. Office of the Under Secretary of Defense (Comptroller), Plans & Systems Directorate. July 2, 1998.

cost-effective management and will require Reductions-in-Force separations, creating associated unprogrammed separation costs.”<sup>4</sup>

In the past, the General Accounting Office (GAO) has examined issues facing DOD’s acquisition workforce. In a 1995 report, before congressionally-mandated personnel reductions began, GAO concluded that “Even with declines in both the defense procurement budget and the civilian workforce since 1990, the number of acquisition organizations remains relatively constant.”<sup>5</sup> A 1997 GAO report, using data from the Defense Manpower Data Center, stated that for the period ending March 31, 1997, DOD reduced its acquisition workforce from the 1995 baseline by 50,334 full-time equivalent personnel (FTEs), or 20,223 more than required by Congress.<sup>6</sup>

In 1998, the House National Security Committee asked GAO to review DOD’s progress in achieving a 25-percent reduction in the acquisition organizations’ workforce, examine the potential savings associated with such reductions, determine the status of DOD efforts to redefine the acquisition workforce, and examine DOD’s efforts to restructure acquisition organizations. GAO concluded that:

“DOD has been reducing its acquisition workforce at a faster rate than its overall workforce and is on schedule to accomplish a 25-percent reduction by the fiscal year 2000. However, potential savings from these reductions cannot be precisely tracked in DOD’s budget. In addition, some of the potential savings from acquisition workforce reductions may be offset by other anticipated costs. Such costs include those for contracting with private entities for some services previously performed by government personnel (i.e., substituting one workforce for another.”<sup>7</sup>

Such conflicting opinions on the size of the defense acquisition workforce, and the potential savings to be achieved, stem from an inability to define it. Over the past three years, as Congress and the Administration have debated the future of the defense acquisition workforce, policymakers have sought to answer the basic question: What, precisely, is the DOD acquisition workforce? How many people are in it, where in DOD are they located, and what, exactly, are their functions?

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<sup>4</sup>Selected DOD Appeals to FY-99 Defense Authorization Conference. *Inside the Pentagon*. July 9, 1998, pp. 11-12.

<sup>5</sup>U.S. Congress. General Accounting Office. *Defense Acquisition Organizations: Changes in Cost and Size of Civilian Workforce*, GAO/NSIAD-96-46, November 1995. Washington, 1995. p. 2.

<sup>6</sup>U.S. Congress. General Accounting Office. *Defense Acquisition Organizations: Reductions in Civilian and Military Workforce*. Washington, 1997. (GAO/NSIAD-98-36R, October 23, 1997) p. 2.

<sup>7</sup>U.S. Congress. General Accounting Office. *Defense Acquisition Organizations: Status of Workforce Reductions*. Report to the Chairman, Committee on National Security, House of Representatives. GAO/NSIAD-98-161. June 1998. 20 pages.



## Defining the Defense Acquisition Workforce

There is no commonly accepted definition of the DOD acquisition workforce. This has led to confusing and contentious discussions about the workforce, its size and composition, the significance of reductions DOD has made, and the potential impact of carrying out further reductions.

### A Historical Perspective

There have been at least seven attempts in recent years by Congress and DOD to define what constitutes the defense acquisition workforce. Each attempt was based on a study which used differing combinations of occupational and organizational codes and produced estimates of the size of the workforce ranging from 25,000 to 582,000 personnel. It is important to note that these studies were performed over a period of more than a decade — a period during which there have been significant changes in the size of the defense budget, the size of the procurement portion of the defense budget, the number of uniformed military personnel, and the total number of DOD civilian employees. An estimate of the acquisition workforce that appears large or small in an absolute sense should be considered in light of the defense policy changes that have occurred.

Currently, the most commonly accepted estimates agreed upon by Congress and DOD range from about 106,000 to 270,000 personnel; the first is an estimate of personnel whose positions fall under the Defense Acquisition Workforce Improvement Act (DAWIA). DAWIA is the basis for nearly all of DOD's education, training and career development programs for the acquisition workforce. Congress enacted DAWIA in the FY1991 Defense Authorization Act.<sup>8</sup> It is codified in Chapter 87, Title 10 of the U.S. Code, and has been amended several times since enactment. The most recent estimate comes from the FY1998 Defense Authorization Act (Public Law 105-85), and counts 270,000 personnel.

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<sup>8</sup>Public Law 101-510, National Defense Authorization Act for Fiscal Year 1991, Title XII, *Defense Acquisition Workforce Improvement Act*, November 5, 1990.

**Table 1. Previous Estimates of the Size of  
the DOD Acquisition Workforce**  
(Arranged by Date)

<b>Source of Estimate</b>	<b>Date of Estimate</b>	<b>Methodology for estimate -- who is counted</b>	<b>Number of personnel</b>
FY1999 National Defense Authorization Bill (Public Law 105-261)	Enacted into Law, October 17, 1998	Military and civilian personnel (other than civilian depot personnel) who are assigned to, or employed in, DOD acquisition organizations as specified by DOD 5000.58 *	Undetermined
Defense Acquisition Workforce Improvement Act (DAWIA), Public Law 101-510, FY1991 Defense Authorization Act, Title XII, Defense Acquisition Workforce Improvement Act, November 5, 1990	1998 Annual Report to the President and the Congress, from Secretary of Defense William Cohen	All 14 acquisition-related positions (see Appendix C for a complete listing)	105,544
Acquisition Corps, enacted in Title 10, Section 1732, U.S. Code	1998 Annual Report to the President and the Congress, from Secretary of Defense William Cohen	A subset of the DAWIA workforce; persons who have qualified for membership	22,641
FY 1998 National Defense Authorization Bill (Public Law 105-85)	Enacted into law, November 18, 1997	Military and civilian personnel (other than civilians who are employed at a maintenance depot) in acquisition organizations	270,000
FY 1997 National Defense Authorization Bill (Public Law 104-201)	Enacted into law, February 10, 1996	Military and civilian personnel in acquisition organizations, with the exception of personnel who possess technical competence in trade-skill maintenance and repair positions involved in performing depot maintenance functions	320,000
GAO Report, NSIAD-96-46, "Defense Acquisition Organizations: Changes in Cost and Size of Civilian Workforce"	Nov. 13, 1995	All personnel in DOD acquisition organizations and the Defense Contract Audit Agency	464,000
DOD Instruction 5000.58	Revised, Jan. 14, 1992	All personnel in DOD acquisition organizations	355,000
Defense Management Report, from the Defense Manpower Data Center	June 1989	All personnel described in the Packard Commission Report and all in DOD acquisition organizations	582,000

The President's Blue Ribbon Commission on Defense Management (Packard Commission Report)	April 1986	Some civilian occupations in all organizations, acquisition organizations and corresponding military organizations	150,000
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**Sources:** Unless otherwise noted, data in this table were derived from Dr. James S. McMichael, Director of Acquisition Education, Office of the Secretary of Defense. According to Dr. McMichael, the Defense Management Report estimated the workforce count at 582,000 in June 1989; DOD and the Defense Management Data Center have used the same algorithm to arrive at the figure of 582,000; when needed, they apply this algorithm to the database to obtain a comparable count. DOD's current estimate is 375,000.

\*This definition also includes organizations which the Secretary of Defense may determine to have a predominately acquisition mission.

## Current Approaches

In DOD's personnel system, members of the acquisition workforce can be identified by using any of three basic approaches, either alone or in combination:

(1) **Identification by occupational codes**, such as GS-1102, Contracting Specialist. Contracting specialists are most often thought of as “the acquisition workforce.” They are the “public face” that is most often associated with directly buying DOD goods and services, from aircraft carriers to “\$600 toilet seats.” Some contracting specialists directly purchase goods and services; others manage the buying process between DOD and defense contractors; still others develop, supervise, and monitor DOD contracting policy. Not all occupational codes, however, can be neatly classified as either inside or outside the acquisition workforce. Some managers, engineers, and scientists, for example, are involved in acquisition-related activities, but also perform other functions. For example, a manager may be primarily responsible for base operations and serve as a critical support for the day-to-day running of the military installation.

(2) **Identification by organizational codes**, which reflect the mission of the office in which the person works, such as the Defense Reutilization and Marketing Service (DRMS), which is responsible for DoD's surplus and excess property programs. DRMS workers routinely acquire goods and services for disposal within federal agencies; these goods and services are no longer needed by DOD. Throughout the defense establishment, some workers are directly involved in buying and selling, while others support this process. For example, auditors may have some oversight authority for the financial management process within a military installation, but have no responsibility for the contracting process. They may not be involved with the actual “buying” or “selling,” either directly or indirectly. There are also personnel that perform “acquisition-related” functions in organizations that do not have an acquisition mission, while other personnel are assigned to an organization with an “acquisition-related mission,” but are not involved in the acquisition process. For example, a child care worker responsible for the installation's day care center would be unlikely to have responsibility for procuring goods and services. Thus, the organizational codes are not always an undisputed identifier.

(3) **Direct identification**, in which DOD performs a “desk audit” of the actual performance of tasks by one worker, and compares it with a description of tasks and duties that make up “acquisition-related functions,” and determines that, based on empirical evidence, the worker should be considered as part of the acquisition community. The data is then entered into an information system, and DOD counts that individual as performing acquisition-related functions. The direct identification method may be considered the most reliable, but it is also the most time-consuming.

According to DOD, military and civilian positions that are categorized as part of the DOD acquisition system fall into one of 14 **acquisition position categories** as established by the Undersecretary of Defense for Acquisition and Technology. Each acquisition position category has standards set according to its level of complexity. Definitions of each category of acquisition positions can be found in DOD Instruction 5000.58-R and DOD Manual 5000.52-M<sup>9</sup>.

Although the definition of each acquisition position category appears in DOD Instruction Manuals, the number of positions made it difficult for Congress to determine just how many different individuals occupied each position, as well as what duties each individual performed within the framework of defense acquisition. Congress sought an objective source for a definition of what constituted the defense acquisition workforce, and directed DOD to create a new definition that would answer these questions.

## Jefferson Solutions Report

At a 1997 hearing on the DOD acquisition workforce before the military procurement and readiness subcommittee of the House National Security Committee (HNSC),<sup>10</sup> DOD was asked to create a new definition of the acquisition workforce that could be accepted and used by all participants in the debate. To carry out this task, DOD hired the Jefferson Solutions Group, a management consulting firm based in Washington, DC, and headed by Dr. Allan V. Burman, a former administrator of the Office of Federal Procurement Policy (OFPP.)

Jefferson Solutions issued its report in September 1997. The report used data gathered from the Defense Manpower Data Center (DMDC) and from interviews with officials from the Office of the Secretary of Defense, Army, Navy, Air Force, Defense

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<sup>9</sup>The following regulations prescribe policies and procedures governing career management activities of the acquisition workforce within DOD organizations: DOD Instruction 5000.58-R, “Defense Acquisition Workforce,” January 14, 1992; DOD Directive 5000.52, “Defense Acquisition Education, Training, and Career Development Program,” October 25, 1991; and, DOD 5000.52-M, “Career Development Program for Acquisition Personnel” November 1991, authorized by DOD Directive, 5000.52, October 25, 1991. For additional information on the defense acquisition workforce, please contact the Director, Acquisition Career Management, Office of the Under Secretary of Defense (Acquisition), Room 2A330, The Pentagon, Washington, DC 20301-2200.

<sup>10</sup>Jefferson Solutions. Review of the Department of Defense Acquisition Workforce. Prepared for the Department of Defense. DASW)1-97-M-1847. 55 p.

Manpower Data Center, Defense Logistics Agency, staff from the Senate Armed Services Committee (SAC) and the House National Security Committee (HNSC), and analysts from the General Accounting Office (GAO) and the Congressional Budget Office (CBO). The report examined two approaches for classifying acquisition workforce personnel: (1) identifying personnel serving in acquisition organizations identified in DOD Instruction 5000.58-R, and (2) identifying personnel designated as part of the Defense Acquisition Workforce Improvement Act (DAWIA). The report reached the following conclusions:

- Relying exclusively on acquisition organizations resulted in too broad a definition, as it included employees that do not perform acquisition-related functions (such as police officers, firefighters, health care personnel), or who perform a variety of functions that are not limited to acquisition.
- Excluding organizations that did not qualify as acquisition organizations would overlook personnel within these organizations that perform acquisition-related functions (such as contractors, auditors, and quality assurance experts).
- Since there are only 105,544 acquisition personnel whose positions fall within statutory requirements for inclusion under DAWIA, using DAWIA as an identifier would exclude many personnel who perform acquisition-related functions.

The Jefferson Solutions Report adopted a definition for the acquisition workforce that revised and expanded on the definition used by the 1986 Packard Commission. (See Table 1.) The new definition includes (1) all personnel employed in certain defense acquisition occupations, regardless of the mission of the particular defense agency in which they work; and, (2) all personnel in acquisition organizations who are employed in certain “acquisition support” occupations.

The report recommended that DOD adopt this new definition of the acquisition workforce, ensure that the definition is applied in a “uniform and consistent” manner across DOD and the services, and validate the data results through an independent agency, such as the DMDC. To ensure that the data is accurate and complete, the report recommended that DOD be given an opportunity to adjust the personnel count on a case-by-case basis. The report also recommended that DOD broaden its definition of employees covered by DAWIA to include all members of the newly-defined defense acquisition workforce.

As illustrated in the following table, the various occupational codes included in the new definition contained a total of 177,613 people. The study group increased this figure by 6.5 percent to account for administrative and clerical support that the study group believed were underestimated in the data, bringing the total defense acquisition personnel estimate to 189,158, as illustrated in the following table.<sup>11</sup>

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<sup>11</sup>This table includes 13 occupational specialties not included in the 1986 Packard Commission report. Jefferson Solutions applied the original Packard definition to the current workforce; most personnel were employed in acquisition organizations (as defined by DOD Instruction 5000.58).

**Table 2. Personnel Composition of the  
DOD Acquisition Workforce**

<b>Occupational Specialty</b>	<b>Percentage of DOD Acquisition Workforce</b>	<b>Total Personnel</b>
Science/Engineering	42.5%	80,448
Engineering		71,969
Physical Sciences		5,700
Math and Statistics		2,779
Program Management	16.1%	30,486
Computer Systems		13,235
Logistics Management		10,798
Supply Program Management		2,783
Computer Science		2,217
General Program Management		1,453
Procurement/Contracting	14.5%	27,934
Contracting		19,963
Purchasing		2,751
Procurement Clerical		4,680
Auditing/Quality Assurance	8.2%	15,596
Quality Assurance		8,453
Auditing		7,143
Business/Industry/Finance	7.4%	13,969
General Business & Industry		4,207
Budget Analysis		3,480
Production Control		3,055
Industrial Specialist		1,582
Property Disposal		1,099
Industrial Property Mgmt.		546
Clerical/Administrative Support	6.1%	11,545
Other	5.1%	972
<b>Total Acquisition Personnel</b>		<b>189,158</b>

**Source:** Burman, Allan V., Cavallini, Nathaniel M., Harris, Kisha N. *Review of the Department of Defense Acquisition Workforce*. Jefferson Solutions. DASW01-97-M-1847. September 1997, p. 40.

## Pertinent Observations

The Jefferson Solutions Report was narrowly focused on the task of developing a workable definition of who and what constituted the acquisition workforce. The study combined both occupational and organizational data elements. Most of the occupations selected for the acquisition workforce were also located in acquisition organizations. The study revealed that the largest acquisition workforce group consisted of scientists and engineers (about 43 percent), followed by computer systems analysts and logistical and program managers (about 16 percent), and contractors, purchasers, or procurement support personnel (about 15 percent).

Notably, the report did not provide statistics on the extent to which DOD used private-sector contractors to perform acquisition-related functions. Lack of this information could handicap the task of estimating the total cost of acquisition-related activities carried out for DOD, and could hinder policymakers in getting a complete understanding of the workforce composition. In its 1996 report on the defense acquisition workforce, GAO pointed out that savings resulting from staff reductions in acquisition organizations, particularly reductions of engineering, architectural or computer personnel, may have been offset by increases in spending on private-sector contractors.<sup>12</sup> GAO reached the same conclusions in a 1998 report on defense acquisition organizations -- that since 1995, DOD support service contracts increased for occupational fields with the largest personnel reductions, and that any potential savings may be offset by contracting for services previously performed by government personnel.<sup>13</sup>

Since the military services also rely on contractors to varying degrees,<sup>14</sup> the lack of data on contractor support could complicate the task of making cross-service comparisons. It raises the possibility that a simple across-the-board reduction in the DOD acquisition workforce could impact the military services disproportionately.

Due to the congressional mandate to develop a workable definition for the defense acquisition workforce, DOD must decide whether to use the recommendations of the Jefferson Solutions Report. A further observation is that DOD must consider whether the methodology used in the report can be tracked and duplicated by the Defense Management Data Center (DMDC). If it can, it will be easier for DOD to audit the data, and keep abreast of the rate of growth and/or attrition of both acquisition personnel and positions within DOD and the military

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<sup>12</sup>*Defense Acquisition Organizations: Changes in Cost and Size of Civilian Workforce*, op. Cit., p. 2, 22.

<sup>13</sup>U.S. General Accounting Office. *Defense Acquisition Organizations: Status of Workforce Reductions*. Report to the Chairman, Committee on National Security, House of Representatives. GAO/NSIAD-98-161. June 1998. p. 2-6.

<sup>14</sup>The Air Force, for example, has comparatively fewer acquisition workforce personnel because it chooses to rely extensively on private-sector contractors, while the Department of the Navy traditionally has relied more heavily on its own in-house acquisition organizations.

services. Regularly recurring audits, by DMDC, would permit DOD to report on the cumulative effects of reducing the acquisition workforce by tracking the movement of displaced workers throughout DOD.

## **Issues for Congress**

In the wake of the Jefferson Solutions Report and legislation in the FY 1998 and FY 1999 defense authorization bills, Congress will confront a number of important issues regarding the defense acquisition workforce, including the following:

### **Adequacy and Usefulness of New Definition**

Should Congress adopt the definition of the defense acquisition workforce presented in the Jefferson Solutions Report? If so, it will result in a significant reduction in the DOD's official count of defense acquisition personnel. If it is not adopted, the debate on just how many acquisition personnel exist will be prolonged, and probably put DOD further behind in its efforts to streamline the workforce.

How much will the new definition help DOD and Congress to identify redundancies, streamline the workforce, and achieve savings? They must determine, to their satisfaction, that the findings of the Jefferson Solutions Report are accurate and thorough. They will presumably seek agreement on the overall number of acquisition workforce personnel as well as the diversity of skills represented. Whether the process based on this particular definition of the workforce will ultimately achieve savings depends on a variety of factors, including the fate of personnel and positions classified as "non-acquisition-related." Will savings be achieved through attrition, reductions-in-force, removals, early buyouts, or retirements? Or will personnel shortages result in an unexpected rise in overtime costs? Will newer, less experienced workers result in greater inefficiencies, with ultimately increased personnel costs? Will individuals be usefully absorbed into non-acquisition-related functions within DOD? Will potential savings be offset by associated administrative costs, as well as costs of increased service contracts for work previously performed by government personnel?<sup>15</sup>

Once a new definition is accepted, DMDC -- the defense agency responsible for the collection and maintenance of automated databases on manpower, personnel, training and financial movement -- can collaborate with DOD to provide further analyses and recommendations to Congress. With DMDC's assistance, the findings of the Jefferson Solutions Report could be validated, thus enabling DOD to make reasonable adjustments to the personnel figures, if such adjustments prove necessary. Coordinating this function with DMDC would make it easier for DOD to perform periodic audits, keeping abreast of the rate of growth and/or attrition of both acquisition personnel and positions within DOD and the military services.

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<sup>15</sup>For further discussion on the potential impact of DOD acquisition workforce reductions, see GAO Report to the Chairman, Committee on National Security, House of Representatives, *Defense Acquisition Organizations: Status of Workforce Reductions*, GAO/NSIAD-98-161. June 1998, 20 pages.



## Secretary of Defense's Report

Section 912(b) of the FY1998 Defense Authorization Act directed the Secretary of Defense to submit to Congress a report on acquisition workforce reductions made since FY1989, by fiscal year, as well as specify definitions used to describe the defense acquisition workforce. Congress required the Secretary to come up with a definition of the workforce that could be applied uniformly throughout DOD.

Section 912(c) directed the Secretary to submit to Congress a report on the reorganization of the defense acquisition workforce. The purpose was to provide a "road map" for future defense acquisition policy, including future opportunities to restructure and streamline DOD's acquisition organizations, workforce, and infrastructure. DOD was directed to identify areas where overlap, duplication, and redundancy existed among the various acquisition organizations, and to present alternative consolidation options, methods for performing industry oversight and quality assurance and ways to shorten the procurement cycle for goods and services. Section 912(c) also required DOD to explore new opportunities for building cross-service and cross-functional arrangements within the military services and defense agencies, consider current and future needs for acquisition personnel, including hiring systems that provided an alternative to the current civil service, and make recommendations for legislative remedies that would be necessary to implement policy and procedural changes.

The Secretary was also required to provide an assessment of the recommendations in the Jefferson Solutions Report, as well as a discussion of potential legislative changes viewed necessary to implement policy changes.

In April 1998, the Secretary of Defense submitted to Congress the report required by Section 912(c). The report, titled *Actions to Accelerate the Movement to the New Workforce Vision*, proposed the establishment of five categories of new initiatives, described in the report as part of the Secretary of Defense's "vision"<sup>16</sup> for the future acquisition workforce. They are: (1) restructure research, development, and testing, (2) restructure sustainment, (3) increase acquisition workforce education and training, (4) integrate paperless operations, and (5) other future focus areas.

Rather than provide a comprehensive review of acquisition organizations and functions, as mandated in Sections 912(c) and (d), the Secretary proposed the formation of future task forces and focus groups to study these issues. The report did not propose legislative remedies, nor clarify the various definitions of the defense acquisition workforce; nor did it propose a new definition but cite the Jefferson Solutions estimate, based on the revised Packard Commission, as one measure of defining the defense acquisition workforce. DOD stated that it did not endorse the report, nor its recommendations. One of the factors for DOD to consider is whether the methodology used in the study can be tracked and duplicated by DMDC; this would make it easier for DOD to perform periodic audits, keeping abreast of the rate of growth and/or attrition of both acquisition personnel and positions within DOD and the military services. Auditing by DMDC would permit DOD to report on the

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<sup>16</sup> *Actions to Accelerate the Movement to the New Workforce Vision*. Secretary of Defense Report to Congress. April 1, 1998, p. 2.

cumulative effects of reducing the acquisition workforce and track the movement of displaced workers throughout DOD.

On November 20, 1998, Deputy Secretary of Defense (for Acquisition and Technology) Jacques S. Gansler issued a memorandum to defense agencies on his review of the recommendations of the Acquisition Workforce Identification Working Group. This group was formed in response to requirements in Section 912(b).<sup>17</sup> The “new” workforce definition includes Science and Technology organization personnel. The Jefferson Solution study gave DOD a broader view of the breadth and depth of acquisition-related activities in the total life cycle of weapon acquisition programs; henceforth, the acquisition workforce will be referred to as the “acquisition and technology workforce.” Secretary Perry determined that DOD would use a definition of the acquisition workforce based on a modification of the Packard workforce definition. He required each agency to conduct a workforce analysis based on the modified Packard definition, revise the personnel count, and report their findings by December 30, 1998.

## **Funding Implications**

The Jefferson Solutions Report recommended that DOD seek to broaden the definition of what personnel are covered under the Defense Acquisition Workforce Improvement Act (DAWIA), and include all members of the newly-defined defense acquisition workforce. If DOD agrees with the report’s recommendations, the decision could have potential funding implications since DAWIA is the vehicle for nearly all of DOD’s acquisition-related education, training and career development programs. In FY1998, DOD requested a budget of \$100 million for DAWIA; Congress appropriated \$95 million. To broaden the membership of DAWIA, from 105,544 personnel to 189,183 personnel, suggests that Congress will have to appropriate more funds for acquisition-related education, training, and career development programs.

There are advantages and disadvantages to increasing DAWIA membership; it will cost more money, initially. In the long run, however, the investment should eventuate in a better trained DOD acquisition workforce. Under DAWIA, DOD has developed an organized and systematic approach to career development and training opportunities, with appropriate benchmarks at each level of complexity within each program category. By identifying DAWIA’s certification requirements as the benchmark for all acquisition personnel training and development activities, it appears that all acquisition support personnel (many of whom have been historically excluded from training and development due to DAWIA certification and requirements) will have greater access to opportunities for promotion, advance, and growth; the theory holds that this should conduce toward a superior in-house, defense acquisition workforce.

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<sup>17</sup>For the full text of the recommendations of the Acquisition Workforce Identification Working Group and DOD’s response to the requirements of Section 912(b), see the Defense Acquisition Reform Home Page Web Site, located at <http://camaro.acq.osd.mil/ar/ar.htm>, and review the “Memorandum on the Modified Packard Acquisition and Technology Workforce Identification.” Issued by the Deputy Secretary of Defense (for Acquisition and Technology) Jacques S. Gansler. November 20, 1998. 26 pages.

## **Conclusion**

Congress will determine, perhaps through the oversight process, if DOD has met both the “letter of the law” and the “spirit of the law” as described in Section 912(c) of the FY1998 Defense Authorization Act, or Section 931 of the FY 1999 Defense Authorization Act. Notably, DOD leaders, who have called for a "revolution in business affairs," have been legislatively required to explore innovative and significant changes to make its acquisition process more efficient. This includes exploring potential overlap and duplication of processes within DOD’s acquisition organizations, in the various defense agencies and military services (listed in Appendix D).

Ultimately, it is Congress that will decide if such changes have been undertaken and, if so, whether the size and composition of the acquisition workforce have been adjusted appropriately.

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## **Appendix A: Title IX, Subtitle B - Additional Reductions in Defense Acquisition Workforce**

**NATIONAL DEFENSE AUTHORIZATION ACT  
FOR FISCAL YEAR 1998, (PUBLIC LAW 105-85),  
TITLE IX, DEPARTMENT OF DEFENSE ORGANIZATION AND  
MANAGEMENT, SUBTITLE B- DEFENSE PERSONNEL  
MANAGEMENT, ADDITIONAL REDUCTIONS IN DEFENSE  
ACQUISITION WORKFORCE, SECTION 912**

### **SEC. 912. DEFENSE ACQUISITION WORKFORCE.**

#### **(a) REDUCTION OF DEFENSE ACQUISITION WORKFORCE**

(1) The Secretary of Defense shall accomplish reductions in defense acquisition personnel positions during fiscal year 1998 so that the total number of such personnel as of October 1, 1998, is less than the total number of such personnel as of October 1, 1997, by at least the applicable number determined under paragraph (2).

(2)(A) The applicable number for purposes of paragraph (1) is 25,000. However, the Secretary of Defense may specify a lower number, which may not be less than 10,000, as the applicable number for purposes of paragraph (1) if the Secretary determines, and certifies to Congress not later than June 1, 1998, that an applicable number greater than the number specified by the Secretary would be inconsistent with the cost-effective management of the defense acquisition system to obtain best value equipment and would adversely affect military readiness.

(B) The Secretary shall include with such a certification a detailed explanation of each of the matters certified.

(C) The authority of the Secretary under subparagraph (A) may only be delegated to the Deputy Secretary of Defense.

(3) For purposes of this subsection, the term 'defense acquisition personnel' means military and civilian personnel (other than civilian personnel who are employed at a maintenance depot) who are assigned to, or employed in, acquisition organizations of the Department of Defense (as specified in Department of Defense Instruction numbered 5000.58 dated January 14, 1992).

#### **(b) REPORT ON SPECIFIC ACQUISITION POSITIONS PREVIOUSLY**

**ELIMINATED-** Not later than 30 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report on reductions in the defense acquisition workforce made since fiscal year 1989. The report shall show aggregate reductions by fiscal year and shall show for each fiscal year reductions identified by specific job title, classification, or position. The report shall also identify those reductions carried out pursuant to law (and how the Secretary implemented any statutory requirement for such reductions, including definition of the workforce subject to the reduction) and those reductions carried out as a result of base closures and realignments under the so-called BRAC process. The Secretary shall include in the report a definition of the term 'defense acquisition workforce' that is to be applied uniformly

throughout the Department of Defense.

**(c) IMPLEMENTATION PLAN TO STREAMLINE AND IMPROVE ACQUISITION ORGANIZATIONS**

(1) Not later than April 1, 1998, the Secretary of Defense shall submit to Congress a report containing a plan to streamline the acquisition organizations, workforce, and infrastructure of the Department of Defense. The Secretary shall include with the report a detailed discussion of the recommendations of the Secretary based on the review under subsection (d) and the assessment of the Task Force on Defense Reform pursuant to subsection (e), together with a request for the enactment of any legislative changes necessary for implementation of the plan. The Secretary shall include in the report the results of the review under subsection (d) and the independent assessment of the Task Force on Defense Reform pursuant to subsection (e).

(2) In carrying out this subsection and subsection (d), the Secretary of Defense shall formally consult with the Chairman of the Joint Chiefs of Staff, the Director of Program Analysis and Evaluation, the Under Secretary of Defense (Comptroller), and the Under Secretary for Acquisition and Technology.

**(d) REVIEW OF ACQUISITION ORGANIZATIONS AND FUNCTIONS-**

The Secretary of Defense shall conduct a review of the organizations and functions of the Department of Defense acquisition activities and of the personnel required to carry out those functions. The review shall identify the following:

- (1) Opportunities for cross-service, cross-functional arrangements within the military services and defense agencies.
- (2) Specific areas of overlap, duplication, and redundancy among the various acquisition organizations.
- (3) Opportunities to further streamline acquisition processes.
- (4) Benefits of an enhanced Joint Requirements Oversight Council in the acquisition process.
- (5) Alternative consolidation options for acquisition organizations.
- (6) Alternative methods for performing industry oversight and quality assurance.
- (7) Alternative options to shorten the procurement cycle.
- (8) Alternative acquisition infrastructure reduction options within current authorities.
- (9) Alternative organizational arrangements that capitalize on core acquisition competencies among the military services and defense agencies.
- (10) Future acquisition personnel requirements of the Department.
- (11) Adequacy of the Program, Plans, and Budgeting System in fulfilling current and future acquisition needs of the Department.
- (12) Effect of technology and advanced management tools in the future acquisition system.
- (13) Applicability of more flexible alternative approaches to the current civil service system for the acquisition workforce.
- (14) Adequacy of Department of Defense Instruction numbered 5000.58 dated January 14, 1992.

## **Appendix B. Title IX, Subtitle A - Further Reductions in Defense Acquisition and Support Workforce**

**STROM THURMOND NATIONAL DEFENSE  
AUTHORIZATION ACT FOR FISCAL YEAR 1999,  
(PUBLIC LAW 105-261), TITLE IX, DEPARTMENT OF DEFENSE  
ORGANIZATION AND MANAGEMENT,  
SUBTITLE A- DEPARTMENT OF DEFENSE  
OFFICERS AND ORGANIZATIONS, SECTION 931**

### **SEC. 931. FURTHER REDUCTIONS IN DEFENSE ACQUISITION AND SUPPORT WORKFORCE.**

(a) **REDUCTION OF DEFENSE ACQUISITION AND SUPPORT WORKFORCE-** The Secretary of Defense shall accomplish reductions in defense acquisition and support personnel positions during fiscal year 1999 so that the total number of such personnel as of October 1, 1999, is less than the total number of such personnel as of October 1, 1998, by at least the applicable number determined under subsection

(b) **REQUIRED REDUCTION**

(1) The applicable number for purposes of subsection (a) is 25,000. However, the Secretary of Defense may specify a lower number, which may not be less than 12,500, as the applicable number for purposes of subsection (a) if the Secretary determines, and certifies to Congress not later than May 1, 1999, that an applicable number greater than the number specified by the Secretary would be inconsistent with the cost-effective management of the defense acquisition system to obtain best value equipment and with ensuring military readiness.

(2) The Secretary shall include with such a certification a report setting forth a detailed explanation of each of the matters certified. The report shall include

- (A) a detailed explanation of all matters incorporated in the Secretary's determination;
- (B) a definition of the components of the defense acquisition and support positions; and
- (C) the allocation of the reductions under this section among the occupational elements of those positions.

(3) The authority of the Secretary under paragraph (1) may only be delegated to the Deputy Secretary of Defense.

(c) **LIMITATION ON REDUCTION OF CORE ACQUISITION WORKFORCE-** The Secretary shall implement this section so that the core defense acquisition workforce identified by the Secretary in the report submitted pursuant to section 912(b) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 111 Stat. 1860) is reduced proportionally no more than the other occupational elements included as defense acquisition and support positions in that report.

(d) **DEFENSE ACQUISITION AND SUPPORT PERSONNEL DEFINED-** For purposes of this section, the term 'defense acquisition and support personnel' means military and civilian personnel (other than civilian personnel who are employed at a maintenance depot) who are assigned to, or employed in, acquisition organizations of the Department of Defense (as specified in Department of Defense Instruction numbered 5000.58 dated January 14, 1992), and any other organizations which the Secretary may determine to have a predominantly acquisition mission.

## Appendix C. Acquisition Position Categories

### ACQUISITION POSITION CATEGORIES, DEPARTMENT OF DEFENSE INSTRUCTION 5000.58, REVISED, JANUARY 14, 1992

#### F. PROCEDURES

1. Acquisition functions, position categories, career fields and position category descriptions are as follows:

a. **Acquisition Functions, Career Fields, and Position Categories.** There are seven acquisition functions, 12 career fields, and 14 position categories in the DoD Acquisition Education, Training, and Career Development Program, as depicted in the chart below. Each function consists of a career field(s) and a position category(ies). Two position categories, Program Management Oversight and Education, Training, and Career Development are not career fields and therefore do not have separate education, training and experience standards specified in DoD 5000.52-M (reference (g)). Personnel in these positions will come from the other career fields and must meet those career development requirements. One position category, Education, Training, and Career Development, does not belong in any of the seven functions. Personnel in this position category may belong in either an acquisition or a non-acquisition function.

Acquisition Functions	Position Categories
Acquisition Management	Program Management, Program Management Oversight, Communications-Computer Systems
Procurement & Contracting	Contracting, Purchasing, Industrial Property Management
Systems Planning, Research, Development, Engineering, and Testing	Systems Planning, Research, Development and Engineering, Test and Evaluation Engineering
Production	Manufacturing & Production, Quality Assurance
Acquisition Logistics	Acquisition Logistics
Business, Cost Estimating, and Financial Management	Business, Cost Estimating, and Financial Management
Auditing	Auditing
	Education, Training, and Career Development



## **Appendix D. DOD Acquisition Organizations**

### **DOD ACQUISITION ORGANIZATIONS, DOD INSTRUCTION 5000.58, REVISED JANUARY 14, 1992 DEFENSE ACQUISITION WORKFORCE**

#### **Army**

Army Acquisition Executive  
Army Information Systems Command  
Army Materiel Command  
Army Strategic Defense Command

#### **Navy**

Assistant Secretary of Navy for Research, Development and Acquisition  
Office of the Chief of Naval Research  
Naval Air Systems Command  
Naval Facilities Engineering Command  
Navy Program Executive Officer/ Direct Reporting Program Manager Organization  
Naval Sea Systems Command  
Navy Strategic Systems Program Office  
Naval Supply Systems Command  
Space and Naval Warfare Systems Command

#### **Marine Corps**

U.S. Marine Corps Research, Development and Acquisition Command

#### **Air Force**

Office of the Assistant Secretary of Air Force for Acquisition  
Air Force Materiel Command  
Air Force Program Executive Organization

#### **Department of Defense-Wide**

Office of the Under Secretary of Defense (Acquisition & Technology)  
Ballistic Missile Defense Office  
Defense Logistics Agency  
U.S. Special Operations Command, Acquisition Center (SOAC)

